

Message Text

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61

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-01 CEA-01 DODE-00 PA-01 USIA-06 PRS-01 INT-05

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R 051400Z FAB 75

FM AMCONSUL PARAMARIBO

TO SECSTATE WASHDC 1918

INFO AMEMBASSY THE HAGUE

AMEMBASSY KINGSTON

AMEMBASSY SANTO DOMINGO

AMEOBASSY GEORGETOWN

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E.O. 11652: N/A

TAGS: EMIN, EIND, NS

SUBJECT: ALCOA REDUCES INVESTMENT AND PRODUCTION

1. MANAGING DIRECTOR OF SURALCO (BUSTION), WHOLLY-OWNED ALCOA SUBSIDIARY, INFORMED ME YESTERDAY THAT ENTIRE EXPANSION PROGRAM, REPRESENTING MULTI-MILLION DOLLAR INVESTMENT, HAS BEEN SUSPENDED ON ORDERS FROM PITTSBURGH AND THAT MORE THAN 400 SURINAMERS IN SURALCO CONSTRUCTION DEPT ACCORDINGLY WOULD BE LET GO OWING TO DECREASED DEMAND FOR ALUMINUM. MOREOVER, BAUXITE PRODUCTION IS BEING CUT BACK AND ONE OF THREE SHIFTS OF WORKERS REASSIGNED. HE BELIEVES THAT BILLITON, DUTCH SPELL SUBSIDIARY, MAY CANCEL

CONTRACT UNDER WHICH PART OF ITS BAUXITE REFINED INTO ALUMINA AT SURALCO PLANT. BILLITON HAS ANNOUNCED SUSPENSION ITS CONSTRUCTION PROGRAM INCLUDING CALCINING PLANT, JOINT VENTURE WITH ALCAN AND GOS.

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WM BUSTION HAS DISCUSSED MATTER WITH LABOR MIN FRIJMERSUM WHO AT FIRST PROPOSED THAT SURALCO KEEP WORKERS ON UNTIL APRIL WHEN GOS WOULD ABSORB THEM ON VARIOUS HOUSING, ROADS AND BRIDGES PROJECTS. LABOR MIN LATER REPORTED GOS WOULD BE UNPREPARED TO UNDERTAKE PROJECTS SO SOON, SUGGESTED THAT INSTEAD GOS CONTRACT WITH SURALCO TO DO THE WORK, EXCLUDING BRIDGES. BUSTION HAS AGREED MEET WITH LABOR, PUBLIC WORKS AND ECON MINS TO HEAR ELABORATION OF PROPOSAL AND POSSIBLY REFER TO HEAD OFFICE.

3. MANAGING DIRECTOR SAID BAUXITE PRODUCTION HAS BEEN DROPPING SINCE TURN OF YEAR AND ABOUT SIXTY WORKERS IN MINING DEPT HAVE LEFT THROUGH ATTRITION. IT WAS FIRST PLANNED TO DISCHARGE THE SIXTY BUT GOS AND UNION OUTCRY WAS SO GREAT THAT ATTRITION WAS AGREED UPON COUPLED WITH FREEZE ON HIRING.

4. IMMEDIATE CAUSE OF RETRENCHMENT, ACCORDING BUSTION, IS THAT ATCOA STOOD IN DANGER OF LOSING PREFERRED CREDIT RATING WITH BANKS IF BORROWINGS INCREASED.

5. COMMENT: DEPT WILL RECALL WIDELY PUBLICIZED UNHAPPINESS LAST YEAR OVER REYNOLDS' DISAGREEMENTS WITH GOS OVER SIZE OF BAUXITE DEPOSITS ON ITS CONCESSION AND SUBSEQUENT DECISION TO PULL OUT, AND OVER COMPANY'S PROPOSED FIRING OF 50 EXPLORATION WORKERS LAST SUMMER. THE QUESTION OF 400 REDUNDANT SURALCO CONSTRUCTION EMPLOYEES FOLLOWING DROP IN INVESTMENT AND PRODUCTION WILL BECOME VERY HOT POTATO INDEED FOR GOS AND COMPANY IN LIGHTLY POPULATED COUNTRY BESET BY UNDER AND UNEMPLOYMENT IF NOT HANDLED ADROITLY BEFORE MEDIA GET AHOLD OF STORY. BUSTION WILL KEEP ME INFORMED OF FURTHER DEVELOPMENTS.
FLANEGIN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
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KINGSTON
SANTO DOMINGO
THE HAGUE
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